A Study of Public Perception about Stock Exchange Transactions: Special reference to Latur city

A Ph. D Synopsis

Submitted in the Faculty of Commerce,

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December 2011

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INTRODUCTION:-

A share of stock is the smallest unit of ownership in a company. If you own a share of a company's stock, you are a part owner of the company. You have the right to vote on members of the board of directors and other important matters before the company. If the company distributes profits to shareholders, you will likely receive a proportionate share.

There are two types of stock:

- Common stock
- Preferred stock

Most of the stock held by individuals is common stock.

Common Stock:-Common stock represents the majority of stock held by the public. It has voting rights, along with the right to share in dividends. When you hear or read about "stocks" being up or down, it always refers to common stock.

Preferred Stock:- Despite its name, preferred stock has fewer rights than common stock, except in one important area – dividends. Companies that issue preferred stocks usually pay consistent dividends and preferred stock has first call on dividends over common stock.

Now the next important term for me is stock market, Stock market means the market in which shares are issued and traded either through exchanges or over-the-counter markets. Also known as the equity market, it is one of the most vital areas of a market economy as it provides companies with access to capital and investors with a slice of ownership in the company and the potential of gains based on the company's future performance.

How It Works?

Let's use a company like Coke as an example. Coke isn't owned by one single person--it's divided into millions of pieces. All those pieces of the company are called stocks. If you want to buy a share of the company, you buy stock in Coke. With Coke stocks, you are a part owner, or a shareholder, of the company.

Next term is Broker. A stockbroker invests in the stock market for individuals or corporations. Only members of the stock exchange can conduct transactions, so whenever individuals or corporations want to buy or sell stocks they must go through a brokerage house. Stockbrokers often advice and counsel their clients on appropriate investments. Brokers explain the workings of the stock exchange to their clients and gather information from them about their needs and financial ability, and then determine the best investments for them. The broker then sends the order out to the floor of the securities

exchange by computer or by phone. When the transaction has been made, the broker supplies the client with the price. The buyer pays for the stock and the broker transfers the title of the stock to the client and performs clearing and settlement procedures. The beginning stockbroker's first priority is learning the market. One broker said, "First you have to decide whether you have an interest in the stock market. This will determine how well you'll do. If you're just interested in making money you won't get very far." Stockbrokers spend their time in a fast-paced office, usually working from nine to five, unless they are just starting out or have to meet with clients. The new broker spends many hours on the phone building up a client base. Sometimes brokers teach financial education classes to expose themselves to potential investors who may then become their clients.

A stock exchange is an entity that provides services for stock brokers and traders to trade stocks, bonds, and other securities. Stock exchanges also provide facilities for issue and redemption of securities and other financial instruments, and capital events including the payment of income and dividends. Securities traded on a stock exchange include shares issued by companies, unit trusts, derivatives, pooled investment products and bonds.

In 'Western type' economies the stock exchange was one of the institutions resulting from the long process of institutionalization of various forms of entrepreneurship. Stock exchange in these economies (western capitalist economies) developed as an important institution for industrial financing and community's saving and investment activity. The London stock exchange is the world's oldest stock exchange formally organized on 15th July 1730.

The Major Stock Exchanges in the world in the year ended 31st December 2010 was NYSE Euronext in New York City, NASDAQ OMX in New York City, and Tokyo Stock Exchange in Tokyo Bombay Stock Exchange in Mumbai, National Stock Exchange of India in Mumbai etc.

Establishment of National stock Exchange of India Ltd,(NSE) in 1994 with an all-India spread and expansion of operations of Bombay Stock Exchange (BSE) throughout the country, both of which have their trader work stations at over 400 centers in the country today, have led to the virtual extinction of all the 19 Regional Stock Exchange (RSE) spread across the length and breadth of the country. The share of 19 RSE, which was as much as 45.6% of the total all India turnover of Rs.2.39 lakh cror in 1995-96, declined progressively year after year and in 2001-02, it was just 8.4% lakh cror. At present, there is virtually no trading at anyh of the RSE.

NEED OF STUDY

The present study is the need of time. Finance is regarded as the life blood of any organization. Stock exchange plays an important role in the economy of any country. It is regarded as barometer of economic health.

Even though Latur is a developed region, a popular educational hub, very few people invest in stock market. On October 30 2011 Latur Muncipal Council has been transformed into Municipal Corporation. This study will be useful to the investors and non-investors of stock market. It will assess the public opinion about stock exchange. This is the first study about public perception of stock exchange in Latur.

RESEARCH METHODOLOGY:-

The Webster's International Dictionary proposes a very inclusive definition of research as "a carful inquiry or examination in seeking facts or principles diligent investigation in order to ascertain something

Primary data are original observations collected by the researcher or his agents for the first time for any investigation and used by them in the statistical analysis whereas secondary data are collected by others and used by others.

To examine the Public perception about Stock exchange in Latur, the study will be based on both primary data and secondary data. The primary data will be collected from the sample study of 400 respondents located in Latur. Questionnaire method will be used to collect the primary data.

Various books and research works published by eminent persons/experts in the field of stock exchange, Various published articles Annual reports etc. will be used for secondary purpose. Various websites will also be referred.

SCOPE OF THE STUDY:-

Geographical Scope

This study will be limited to the public and stock exchange brokers in Latur. Latur city is situated in the south eastern Marathawada part of the Maharashtra state. The entire city of Latur is situated on the Balaghat plateau. The financial back ground of Latur city is very strong. There are so many Businessmen and servicemen (private and public) also and they are interested in investment in stock market. More than a thousand stock exchange investors are in Latur city.

Operational scope:-

The study covers wide ranging issues concerning the public perception about the operations of stock exchange. The sample study of 400 respondents located in Latur will be made. It will include only educated persons. Half of them will be the investors in the stock exchange and the remaining half will be non-investors. The sample size will be carefully selected to cover various sections of the society.

Main stock exchange brokers in Latur

1. Nirmal Bang securities
2. Anand Rathi securities
3. India Info line
4. J.R.G. securities
5. Bonanza securities
6. Ajcon securities

Periodical scope:-

The general study will consider the post independence period, particularly after establishment of NSE (1994). The study of Latur city covers a period of ten years i.e. the period from 2003-2013.

OBJECTIVES OF THE STUDY:-

For any scientific study it is essential to set goals and objectives, Objectives of this study are as follows:-

1. To study the growth and development of stock markets in India
2. To know the growth of stock markets transactions in Latur
3. To study the perception of investors towards stock market
4. To study the perception of non-investors towards stock market
5. To suggest the ways to increase people participation in stock market

HYPOTHESIS:-

1. The number of investors in stock market has been increasing in the study period.
2. The general public thinks investment in stock market more risky and like gambling.
3. Investors are less interested to invest in stock market than any other financial investments.

4. Investors generally think that return on investment in stock market is high as compared to other financial investment.
5. Investment through mutual funds is preferred than direct investment in stock market

CHAPTER SCHEME:

1. Introduction
2. Research Methodology
3. Stock Markets in India
4. Indian Public perception about Stock exchange
5. Public perception about Stock exchange in Latur
6. Findings, Suggestions and Conclusion

The above chapter scheme is tentative. Depending on the actual research work it may change in the course of the study.

(Miss.Shilpa Bidkar) (Dr.Brijmohan Dayma)

Research student Research Guide

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